

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In Re:

MF Bank & Company, Inc.,

Debtor.

BKY Case No. 01-45022

Chapter 7

Brian F. Leonard, Trustee,

Plaintiff,

ADV Case No. 03-4283

ANSWER

v.

Fireman's Fund Insurance Company,

Defendant.

Defendant Fireman's Fund Insurance Company ("Fireman's Fund") for its answer and affirmative defenses to the adversary complaint states and alleges as follows:

1. Fireman's Fund denies knowledge or information regarding the allegations contained in the first paragraph of the adversary complaint.
2. Fireman's Fund denies knowledge or information regarding the allegations contained in the second paragraph of the adversary complaint.
3. Fireman's Fund admits the allegations contained in the third paragraph of the adversary complaint.
4. Fireman's Fund denies knowledge or information regarding the allegations contained in the fourth paragraph of the adversary complaint except admits that it received premiums from debtor under a workers' compensation plan.

5. Fireman's Fund admits that it received payment of \$24,270.00 on or about October 12, 2001.
6. Fireman's Fund denies the allegations contained in the sixth paragraph of the adversary complaint.
7. Fireman's Fund denies the allegations contained in the seventh paragraph of the adversary complaint.
8. Fireman's Fund denies the allegations contained in the eighth paragraph of the adversary complaint.

AFFIRMATIVE DEFENSES

1. Trustee fails to state a claim in the adversary complaint upon which relief may be granted.

2. Under 11 U.S.C. §547(c)(2), any transfers to or for the benefit of Fireman's Fund may not be avoided because they were (a) payment of a debt incurred by the Debtor in the ordinary course of business or financial affairs of the Debtor and Fireman's Fund, (b) made in the ordinary course of business or financial affairs of the Debtor and Fireman's Fund, and (c) made according to ordinary business terms.

3. Under 11 U.S.C. §547(c)(4), any transfers to or for the benefit of Fireman's Fund may not be avoided because Fireman's Fund gave new value to or for the benefit of the Debtor not secured by an otherwise avoidable security interest, and on account of which the Debtor did not make an otherwise unavoidable transfer.

4. Under 11 U.S.C. § 550(b)(1) or (2), any transfers to or for the benefits of Fireman's Fund avoided by Trustee are not recoverable from Fireman's Fund because Fireman's Fund is either an initial transferee that took for value, in good faith and without knowledge of the

voidability of the transfer avoided, or Fireman's Fund is an immediate or mediate transferee of such a third person initial transferee.

Wherefore, Fireman's Fund requests that the Complaint be dismissed with prejudice and for such other relief as the Court deems just and equitable.

Dated this the 30th day of January, 2004.

RIDER BENNETT, LLP

/s/ Nauni Jo Manty

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(612) 340-7950

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UNSWORN CERTIFICATE OF SERVICE

I, Jill M. Kowalczyk, declare under penalty of perjury that on January 30, 2004, I served copies of the attached *Answer and Unsworn Certificate of Service*, as specified below each party:

Brian F. Leonard
Leonard, O'Brien, Spencer, Gale & Sayre,
Ltd.
100 South Fifth Street
Suite 1200
Minneapolis, MN 55402

Executed on: January 30, 2004.

Signed: /e/ Jill M. Kowalczyk
Jill M. Kowalczyk
Rider Bennett, LLP
333 South Seventh Street
Suite 2000
Minneapolis, MN 55402